The Wastelands of New York City

A Preliminary Inquiry into the Nature of Commercial Slum Areas, Their Potential for Housing and Business Redevelopment

THE CITY CLUB OF NEW YORK

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Purpose of the Club

"The purpose of The City Club of New York shall be to aid in securing permanent good government for the City of New York by:

1. The divorce of the city's affairs from national party politics.
2. The establishment and maintenance of an efficient and responsible form of city government.
3. Honest and fair methods of nominating and electing municipal officers.
4. The improvement of economic and social conditions in the city.
5. Conducting discussions of the affairs and problems of the city.
6. Providing, through the facilities of a social club, means of intercourse and co-operation among citizens, officials, and organizations interested in the city's welfare.

"The City Club of New York pledges itself not to participate in the nomination, election, or appointment of candidates to any office, nor to conduct any political activities except such as are involved in legislation affecting the city, or the adoption or rejection by the city government of measures of public policy. This shall not preclude proceedings for the removal of public officers on definite charges.

"No citizen of the City of New York shall be debarred from membership in the Club by reason of his party affiliations." Article I, Constitution, first adopted 1892.

Foreword and Acknowledgments

During June, July and August of 1962, a representative of The City Club of New York systematically visited every building located in selected blocks of two areas of downtown Manhattan and interviewed every tenant. The areas are typical of what are commonly known as commercial slums.

Through this preliminary study much was found that was only guessed at previously. By use of the same investigating techniques and with the help of a group from Columbia University, the Club, within the year, hopes to spotcheck every commercial slum in the city. This should prove an invaluable aid to the City Planning Commission and the Housing and Redevelopment Board, showing them the areas where they can obtain the greatest results in redevelopment and rehousing with the least dislocation of the city's economy and the least relocation of the city's families.

In making public this report, I wish to acknowledge on behalf of the Board of Trustees our debt to members and non-members who assisted.

From the moment that the Club first indicated an interest in making this study, Fire Commissioner Edward Thompson offered the assistance of his department. Whenever, as volunteers, we seemed slow in doing our work, he pressed us to move forward.

Mrs. James McNamara, secretary to Municipal Court Justice Patrick J. Picariello, took time out from her annual vacation to prepare data from public records on the buildings which were to be studied.

Sidney W. Dean, Jr., a trustee of The City Club of New York who is a nationally recognized specialist in the field of market studies and related research, analyzed and perfected our questionnaires and other preparatory data before the work was actually undertaken.

The door-to-door and floor-to-floor study and the interviews were made personally by I. D. Robbins, president of the Club, who, despite major responsibilities as a businessman and executive, always seems to have time and energy for a major public service job when that job has to be done. In order to collect the data necessary for this study, Mr. Robbins, over a period of many weeks, visited every tenant in 92 separate buildings. When he completed the interviews, he undertook their analysis and wrote the observations and conclusions. After review these were supported by the trustees.

The trustees have authorized the publication and wide distribution of this report so that civic-minded citizens and our public officials can become acquainted with its important conclusions and take appropriate action.

WALTER M. WEIS
Chairman, Board of Trustees

October, 1962.

THE WASTELANDS OF NEW YORK CITY

THIS REPORT is the first phase of a program which may eventually determine the suitability for redevelopment of dozens of areas in New York City, areas which may be characterized as commercial slums.

This preliminary study sought to determine the essential characteristics of two large run-down commercial areas in lower Manhattan. These characteristics, if they added up to a strong argument for redevelopment, could then be employed as criteria for evaluating other areas.

The study covered an estimated 5% of the depressed commercial areas in lower Manhattan. The five blocks studied in detail are believed to be generally representative of the two areas in which they are located. A larger sample would probably cause little change in the observations and conclusions.

Area 1 is the so-called "Valley" industrial area, immediately north of Canal Street and east of West Broadway.

Area 2 is the Hudson Street to Greenwich Street section south of Canal Street, directly adjacent to but not included in the so-called Washington Street redevelopment program.

In Area 1, each and every tenant was visited in the 30 buildings located in the large block bounded by Spring, Broome, Mercer and Greene Streets. The exact borders of the enormous commercial slum—The Valley—have never been drawn. In the large—more than two-acre—block studied by The City Club there were no residential tenants at all. If the borders were drawn for the purpose of strictly differentiating the almost purely commercial slums from the housing slums in the general area, they would probably surround 600 run-down commercial buildings covering 45 acres. Because some of this area is in or near the path of the proposed Lower Manhattan Expressway, many have thought that construction of housing could precede roadbuilding or both could take place simultaneously. Heretofore, however, no one has had the answers as to how much commercial dislocation would result.

In Area 2, four buildings out of the 66 in the four blocks bounded by Beach, Jay, Hudson and Greenwich Streets were omitted because they were patently of the type which could be saved in any redevelopment program.

The blocks studied in Area 2 are a part of the city's grossly inefficient wholesale food distributing center. The interest of The City Club has been fixed on this area since William Fellowes Morgan, Commissioner of Markets, sought unsuccessfully during the LaGuardia administration to relocate the city's wholesale food markets. In 1954 a study by the Club of urban renewal possibilities selected the entire market area from Canal to Barclay and from the Hudson River to the rear of Church Street, a very large area with fewer than 75 resident families, as a logical place to begin a selective redevelopment

program containing both new housing and new commercial and industrial buildings.

Earlier this year the Club objected to the plan to redevelop a 24-acre part of this area with office buildings. The present study clearly demonstrates that other parts of the area are also ripe for redevelopment and could be used for housing. Obviously the relocation problem is mitigated to the extent that land without residents is available.

From observations made in the course of this preliminary study, it is believed that the buildings studied in Area 2 cover approximately 10% of a reasonably contiguous area of commercial slums on the West Side south of Canal Street. While there are few families in residence anywhere in the district, the logical boundaries are created by the existence of more useful, modern structures. It is believed that there are about 600 buildings covering about 50 acres in this commercial slum area.

In reporting on a study of two areas comprising several blocks unsuitable for palliative renovation, the Club is by no means advocating the indiscriminate use of the bulldozer. While the analysis clearly showed that there are no buildings worth saving among the thirty studied in Area 1, there are at least three, and probably four, buildings which should not be disturbed among the 66 studied in Area 2.

The interviews conducted for this report cover many hundreds of pages and there are thousands of entries on the work sheets. When, as a result of studies in the other areas, a total picture of the commercial slums of New York and their relation to the city's economy is available, doubtless an entire volume containing observations along many lines would be justified. In order to make the work accomplished so far immediately useful, however, it is probably best to publish a capsule summary of the study with the minimum of comment necessary to illuminate the findings.

Brief Summary of Major Findings

In reading the tables below, please refer to explanatory notes (small letters) which follow and which explain what might otherwise appear to be discrepancies.

Area 1—One Block, 30 Buildings, Spring St. area
Area 2—Four Blocks, 66 Buildings, Hudson St.-Greenwich St. area

* * *

a. Number of Commercial Tenants interviewed	140
a[1]. Number of Dwelling Units in area	15
a[2]. Buildings Omitted from Study	4
b. Square feet of land areas studied	310,594
Area 1	95,575
Area 2	215,019
In Acres	7.1
c. Width of Buildings Studied	
25 feet or less	46 buildings
25 to 50 feet	39 buildings
over 50 feet	10 buildings

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a. That there were only 140 tenants in 92 buildings may seem surprising but is accounted for by the fact that tenants in Area 2 — the wholesale food area — customarily rent an entire building though they may use all of the space only intermittently for storage.

One tenant refused to be interviewed. All others were exceptionally co-operative.

There had been some concern that the contemplation of condemnation would lead persons to exaggerate payments for rent. This does not seem to have happened to any great extent and was readily controlled by reference to other data. The general honesty of the answers was shown repeatedly by checking such items as the actual number of employees against the number reported.

a[1]. The dwelling units were all located in Area 2 and consisted of two small tenement buildings.

a[2]. One of the buildings omitted from the tabulations is a public building, the U. S. Public Health Service; one is a possible landmark, the Mercantile Exchange; two are well maintained office buildings. All are located on Hudson Street.

b. The lots occupied by the four buildings omitted were not included in calculating the gross area studied.

c. This is a key index of a building's usefulness for modern industry or commerce. In general, the narrower the building, the less useful. When, in the summary, the buildings add up to more than 92, it is usually because for tax purposes the building has one street number but may actually be two buildings, sometimes with entrances on two streets.

d. Age of Buildings

under 50 years	4 buildings
over 50 years	89 buildings

e. Square feet of buildings (floor area) including basements

Area 1	516,206 sq. ft.
Area 2	1,405,900 sq. ft.
Overall Total	1,922,106 sq. ft.

Approximately 44 Acres

f. Vacant Space

Area 1	79,550 sq. ft.
Area 2	229,800 sq. ft.
Overall Total	309,350 sq. ft.

g. Vacancy Ratio

g^1.	Area 1	15.4%
g^2.	Area 2	16.3%
	Overall Ratio	16.1%

Where tenant rented entire building, vacant space not considered vacant or included in vacancy ratio. These are therefore minimum figures, perhaps seriously understated in the case of the buildings in Area 2.

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d. Some of the buildings are over 100 years old. Almost without exception they have some kind of violation, such as lack of sprinklers, unenclosed elevators, etc.

e. Taking both areas as a whole, this is a ratio of approximately 6.2 feet of floor area including basements for each foot of land area.

f. This means not rented at all.

g. The vacancy ratio is important in determining the availability of submarginal space into which low grade industries displaced by redevelopment can move at rents comparable to what they have been paying. This is important for rag and waste paper merchants, office furniture warehouses, etc., for whom sheer space is essential. It is not so important for food distributors who could operate with much less gross space if the space were susceptible to efficient use. A commonly expressed thought in the Hudson-Greenwich area is, "This whole market could be compressed into one decent building."

g^1. The Real Estate Board estimate of the commercial space vacancy rate for Manhattan is usually around 3%, but the Board does not include in its figure this type of commercial slum building. Our figure is probably quite accurate for Area 1, where most buildings seem to be rented on a floor by floor basis. Perhaps six of the thirty buildings covered are listed as fully occupied by their owners or single tenants even though the space above the ground floor is not used.

g^2. While there was no reason or way to challenge statements that the entire building is rented and used, the patent emptiness of many upper floors suggests that the true vacancy ratio in Area 2 might be closer to 30%.

h. Rent Paid per Sq. Ft. per Year

50¢ or less per sq. ft.	30 buildings
51¢ to 75¢	21 buildings
76¢ to $1.00	22 buildings
over $1.00 (mostly stores)	14 buildings

Area 1	50¢ or less	3 buildings
	51¢ to 75¢	10 buildings
	76¢ to $1.00	11 buildings
	over $1.00	2 buildings
Area 2	50¢ or less	27 buildings
	51¢ to 75¢	11 buildings
	76¢ to $1.00	11 buildings
	over $1.00	12 buildings

35 Tenants owned their own buildings or were principals in the owning corporation.

Highest rent paid: $4.60 per foot ground floor (bar and grill)

Lowest rent paid: 13¢ per foot upper floor (dead storage)

Assessed Value (Land and Buildings) of Areas Studied (less four buildings omitted)

Area 1	$1,427,000
Area 2	4,626,000
Total	$6,053,000

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h. That the figures don't always "add up" is due to the fact that several owner-tenants do not charge themselves rent. These figures are believed to be true free-market rents. The study showed that some tenants have had no rent increases in 25 years. Also, space is freely available within the range so that statutory rent control has had little effect. In the case of Area 2, the higher first floor rents may tend to give an impression of higher average rents in many buildings. Further analysis of the raw figures might produce a "mode" for occupied floors above the ground floor rented by the floor. This would be even lower than the present, apparently very low, figures and give a truer index of the low state of tenant demand for such space.

i. Assessed Value per sq. ft. (Land and Buildings)

Area 1	$14.93
Area 2	21.51
Overall Average	19.30

Persons Employed in Areas Studied (4 buildings omitted)

Area 1	Factory and warehouse workers	264
	White collar and executive including outside salesmen	103
		367
Area 2	Factory and warehouse	439
	White collar and executive including outside salesmen	309
		748
Overall	Factory and warehouse	703
	White collar and executive including outside salesmen	412
	Total	1,115

Leases (non-owners of buildings they occupy)

Area 1 — 19 out of 53 = 36%
Area 2 — 28 out of 52 = 54%
Overall—47 out of 105 = 45%

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i. In 1954 when The City Club last studied Area 2, the average assessed value was approximately $12 per foot. It is believed that recent private real estate sales in the area have been at or slightly below the new assessed value. This suggests that a large premium might not have to be paid in condemnation.

Observations

This preliminary report of The City Club study of commercial slums suggests that such areas are true wastelands of our city. Such space is so inefficient and unsanitary that industry avoids it even at extremely low rents.

Though such areas have often been described as teeming with workers, they have relatively small working populations. Before this study was made, few would have been prepared to believe that such perfectly located commercial and industrial areas could have a working population of under 160 persons to an acre.

Perhaps there are industries such as the waste material industries which can use large amounts of cheap space but there is certainly no reason why such industries, paying the lowest rent and employing almost no one, should occupy some of the best locations in the city's inner core, blessed with every convenience of public service including transportation. Nor is there any reason, given a high vacancy ratio, why the City should abstain from undertaking programs of housing and commercial redevelopment.

The interview records show that both owners and tenants seem to be unhappy in the commercial slums. The owners are generally hopeful that the City will condemn their properties and pay them good prices. Except at distressed prices, they see the City as the only possible buyer. Most tenants say frankly that they are occupying buildings which should be demolished. The sentence, "You can't hold up progress," was heard many times.

Most tenants were not familiar enough with modern management concepts to talk about ratios of rent to sales, useful space, etc., but many, particularly in the food field, said they could afford to pay more if they could get better space or facilities. Some said that if they had to move, they would simply look for more cheap space elsewhere.

Several tenants seemed to feel that redevelopment would be great for landlords but that the City should pay the tenants more than moving expenses. This subject certainly deserves study by a State legislative committee which could also look into the whole subject of condemnation, especially how it is administered.

Conclusions

The two areas studied are ripe for immediate redevelopment.

They provide an opportunity to devote very large, ideally located acreage to new housing or to mixed uses without the necessity of relocating residential tenants. They provide an opportunity to make a significant gain in the number of dwellings constructed over the number demolished or lost by attrition and neglect.

By the application of criteria presented herein to other areas it will be possible to measure the economic and social usefulness of such areas.

While The City Club does not have the funds or staff available for the purpose, it would seem desirable for a qualified group to make studies of various industries to establish both the prevailing rents which they are paying and the reasonable ratio of rent as a part of the cost of doing business. It would be most interesting to know the relationships among rent, wages, machine investment, etc. Some believe that such studies might pave the way to the construction of new, efficient loft buildings which even low-grade industries might be able to occupy.

The industries of the city which are located in the commercial slums are by and large the ones which are undercapitalized, have little or no investment in machinery and do not usually enter into stable landlord-tenant relationships of the kind which would be needed to justify large-scale, new industrial-building construction. Unfortunately if the poor industries are to survive under present conditions, they must be willing continuously to move or be moved into other commercial slums, meanwhile hopefully trying to accumulate enough capital to buy enough equipment to justify paying higher rent without significantly increasing the ratio of rent to total cost.

By the very nature of the development of the city, the commercial slums are located in what are potentially the most valuable areas of the city. They have had the benefit of the great capital investment which the City and the public utilities have made at the city's core. They have the best subways, the best sewers and drainage, the best power supply, the best fire and police protection.

The prevailing view at the City Planning Commission and at the Housing and Redevelopment Board appears to be that commercial and industrial uses of property are somehow sacred because they provide jobs and that certain areas are somehow not suitable for housing and must be used only for commercial or industrial purposes. The City Club of New York regards these two propositions as simply folk concepts of the city planners which should be challenged in the interest of the productive growth of the city.

We conclude on the basis of this preliminary study that if a commercial area:

1. has a high vacancy ratio;
2. is unable to arouse a strong demand for space at very low rents;
3. has a low level of productive output of goods and services;
4. provides a place of employment for a relatively small number of persons (a low ratio of employment per unit of space);
5. offers facilities which are obsolete by modern industrial and commercial standards;

it should be regarded as a commercial slum and a better use should be found for the land it occupies.

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